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MEMORANDUM

26 December 1950

SUBJECT: Military Expenditures and National Income of the USSR

1. Military Expenditures (in billions of rubles)

<u>Year</u>	<u>Announced Military Expenditures</u>	<u>Estimated Additional Expenditures in Support of Military Effort</u>	<u>Total</u>
1950	79.4	90.0	169.4
1949	79.2	86.0	165.2
1948	66.3	59.0	125.3
1947	66.4	53.0	119.4
1946	72.2	No estimate available	-

In addition to expenditures, it is essential to consider the following:

a. Benefits accruing to Soviet military potential from satellite production for USSR military account, reparations of military nature, and requisitions for maintenance of occupation forces;

b. Low per capita cost of maintenance of Soviet armed forces, as contrasted by Western standards, permitting utilization of larger proportion of military funds for armaments and supplies.

2. National Income of the USSR

<u>Year</u>	<u>Billions of Rubles</u>	<u>% Devoted to Military</u>
1950	600 (prelim. est.)	28.2
1949	570	28.9
1948	540	23.2
1947	520	23.0
1946	490	-

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3. Estimated Expenditures for Soviet Atomic Energy Program

a. Tabulated below are estimated costs for the Soviet atomic energy program in terms of what equivalent facilities would cost the US:

<u>Year</u>	<u>Cost in billions of dollars</u>	<u>Cost in billions of rubles (10:1)</u>	<u>% of National Income</u>
1950	.8	8	1.3
1949	.6	6	1.1
1948	.4	4	0.7
1947	.2	2	0.4
1946	.05	0.5	0.1

b. The following points must be considered in evaluating Soviet atomic energy expenditures:

- (1) The data for each year will be less accurate than the average of two or more years.
- (2) For the most part, the basis for the amounts estimated is the cost the U.S. incurred for roughly similar facilities. The amounts for uranium mining and concentrating, however, are based on actual evidence. Differences in labor costs, costs for importing equipment, etc., may cause a considerable difference in costs figured for budget purposes. In particular, since the USSR is using slave labor to a considerable degree in their atomic energy program, the labor costs may not be at all equivalent.

c. The major proportion (about three-fourths) of the Soviet atomic energy expenditures to date has been for the construction of facilities. It is believed that the peak of construction costs has passed, and that operational costs, which will increase in the future, will not be as high as past construction expenditures. Therefore, somewhat of a decrease in annual expenditures may occur in the future.

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MP-41
Preliminary

22 December 1950

MEMORANDUM

Subject: Soviet Military Expenditures

in relation to
1. Soviet military expenditures/ and the national income of the USSR for the years 1948, 1949, and 1950 are estimated as follows. All expenditure figures are in billions of rubles.

	<u>1950</u>		<u>1949</u>		<u>1948</u>	
	<u>Expen- ditures</u>	<u>% of Nat'l Income</u>	<u>Expen- ditures</u>	<u>% of Nat'l Income</u>	<u>Expen- ditures</u>	<u>% of Nat'l Income</u>
Announced military expenditures	79.4		79.2		66.3	
Estimated additional expenditures in support of military effort	<u>90.0</u>		<u>86.0</u>		<u>59.0</u>	
Total	169.4	(a)	165.2	28.9%	125.3	23.2%

(a) The national income for 1950 is not available. It is estimated, however, that it will not be considerably greater than in 1949. Likewise, the ratio of military expenditures to national income in 1950 will remain approximately the same as in 1949.

2. Costs of atomic energy development in the USSR are estimated on the basis of U.S. costs in dollars translated into rubles on an exchange basis of 10 rubles to one dollar. On this basis Soviet expenditures for atomic energy are estimated as follows:

<u>Year</u>	<u>Expenditures in billions of rubles</u>	<u>Percent of nat'l income</u>
1948	4.5	0.83
1949	5.0	0.88
1950	7.0	0.9 (approx)